



April 5, 2000

Mr. Les Johnson
Director, FDD, FNS, USDA
3101 Park Center Drive, Room 503
Alexandria, VA 22302

Re: FD2000, Number 15

Dear Les,

I learned a lot at this year's ACDA conference. Thank you for all of the work that you and your colleagues at USDA put into the program.

I would like to comment on a portion of your FD2000. I believe that my comments fall under item number fifteen.

Several years ago USDA had a pilot program where states and RAs could piggyback additional purchases of selected trial items over and above their allocated amount of entitlement. The states and RAs would use USDA as their purchasing agent. I believe that South Carolina and Texas were the trial states. Single serve juice was one of the items to test.

I understand that the pilot failed because the states and RAs found that they could buy the juice items from their local distributor for less cost than from the USDA pilot program. There were also some administrative problems involving the movement of funds between the various entities involved. We had hoped that our frozen peach fruit cups would be a part of the program in the future.

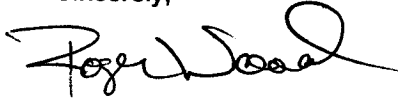
I have a theory about a possible reason for the failure of the pilot. Juice is a very competitive item in the food industry. The margins are very low for the grower, processor and distributor. Also juice items are universally available throughout the food distribution system. I believe that these factors reduce the ability of USDA to offer juice at a savings to the states and RAs.

I would suggest that our frozen peach cup would make a better pilot test item. Our cup is popular with the schools. There is the issue of the additional packaging costs with this single serve item. And finally our cups are not in universal distribution. I am certain that there are other items in your schools that have similar characteristics to our cups. Ken Clayton mentioned that he thought that some meat items would work because the government truly can buy meat at a significant discount.

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4-12-00

I would like to encourage you and AMS to try this pilot again. A successful pilot would add volume to your work at USDA and to the nation's commodity distribution system.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Wood", with a stylized, cursive script.

Roger Wood
President
National Peach Council

Cc: Ms. Susan Proden.